

## **Senate Joint Resolution No. 14**

### **RESOLUTION CHAPTER 97**

Senate Joint Resolution No. 14—Relative to Internet gambling.

[Filed with Secretary of State September 15, 2011.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

SJR 14, Wright. Internet gambling.

This measure would respectfully urge the members of California's congressional delegation to preserve the right of the State of California to opt out of any federal Internet gambling system, and retain the right to operate its own intrastate Internet gambling system, or opt into any federal Internet gambling system.

WHEREAS, Leading gaming consultants estimate that in 2005, United States citizens illegally wagered \$4 billion online at off-shore, non-United States Internet gambling Web sites, and that every week more than 1.5 million Californians participate in illegal online gambling on the Internet; and

WHEREAS, Currently hundreds of Internet gambling Web sites operate outside the United States, unregulated by any United States governmental entity and in violation of United States laws. Questions often arise about the honesty and the fairness of the games played on these Internet Web sites, and about the true purpose for, and use of, proceeds generated by these unregulated Internet Web sites, particularly since the United States Department of Justice has indicted the owners and operators of several of the leading Internet gaming Web sites for money laundering, bank fraud, and other federal felony offenses; and

WHEREAS, In October 2006, the United States Congress passed, and the President signed, the SAFE Port Act to increase the security of United States ports. Embedded within the language of that bill was a section called the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA), which prohibits the use of banking instruments such as credit cards, checks, or fund transfers for interstate Internet gambling. The statute, however, has not eliminated illegal, unregulated Internet gambling, nor has it provided any increased protection for participants from game operators and others who would impair the integrity of online gambling activity; and

WHEREAS, Congress included specific provisions in UIGEA for individual states to permit intrastate Internet gambling, provided that state laws permitting and regulating that activity could impose reasonable protections against participation by underage persons or by persons located outside the boundaries of the states authorizing that activity. While the federal Indian Gaming Regulatory Act balanced the interests of three

sovereign governments, the state, Indian tribes, and the federal government, UIGEA was designed to balance the federal interest in secure financial transactions with the state power to determine how online gambling should take place within the states; and

WHEREAS, The Legislature has held numerous hearings and taken hours of testimony over the past 18 months on the issues and challenges surrounding intrastate Internet gaming, and those hearings have been instrumental in identifying problems and solutions that have narrowed the differences among various stakeholders. Witnesses have testified that a state regulated Internet gaming framework will ensure that the games Californians are authorized to play are honest, that winners are paid when and in amounts due, and that the state and its citizens, rather than illegal off-shore companies operating outside the reach of, and contrary to, state and federal laws, will benefit from economic activity in this state; and

WHEREAS, The Legislature has made a significant amount of progress on intrastate Internet gaming to the point where, absent unforeseen circumstances, a sound and objective proposal is fully expected to be developed for consideration by the Legislature during the 2012 portion of the 2011–12 Regular Session; and

WHEREAS, Congress currently has pending before it several bills that would authorize and regulate certain forms of online gaming that could be a disservice to all Californians and place the state at a severe regulatory, competitive, and financial disadvantage; now, therefore, be it

*Resolved by the Senate and the Assembly of the State of California, jointly,* That the Legislature respectfully urges the members of California's congressional delegation to preserve the right of the State of California to opt out of any federal Internet gambling system, and retain the right to operate its own intrastate Internet gambling system as currently permissible under UIGEA, or opt into any federal Internet gambling system; and be it further

*Resolved,* That the Secretary of the Senate transmit copies of this resolution to each Senator and Representative from California in the Congress of the United States, and to the author for appropriate distribution.